

Press

LLOYD E. LEVINE

California State Assembly ♦ 40th Assembly
District

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**BILL TO LIMIT TAX LOOPHOLE ON BOATS, RV'S AND PLANES TO BE
HEARD ON MONDAY**

WHERE: Sacramento. The Assembly Committee on Revenue and Taxation.

WHEN: Monday, April 21, 2003.

WHAT: AB 694 – Use Tax: Presumption of Purchase.

Assemblymember Lloyd Levine authored AB 694 to limit the tax loophole on purchases of boats, rv's and planes. Under existing law a boat purchaser may avoid paying sales tax by simply having the seller navigate at least three miles from the California coastline, where state jurisdiction no longer applies. The sale and transfer take place onboard, and afterward the boat makes its way to a harbor outside the state. After 90 days, the boat can legally return to California without the owner paying any tax at all. An aircraft or motorhome bought under similar circumstances can dodge taxes in the same way.

AB 694 will limit this loophole by changing the time requirement to 12 months. Conservative estimates are that closing this loophole would result \$54.6 million in additional revenue a year. That won't solve the budget crises, but it will pay 1365 new teachers an annual salary of \$40,000.

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